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### Lobbying During the Revision of the EU Emissions Trading System: Does EU Membership Influence Company Lobbying Strategies?

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ARTICLE

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# Lobbying During the Revision of the EU Emissions Trading System: Does EU Membership Influence Company Lobbying Strategies?

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**ABSTRACT** Research has shown that industrial firms and organisations engaged in lobbying during the making and revision of the European Union Emissions Trading System (EU ETS). However, little is known on how they went about lobbying. This article provides insight into industrial lobbying during the revision of the EU ETS by focusing on six industrial firms from Sweden and Norway, examining how and where they lobbied, and whether their lobbying was shaped by originating from an EU member state or not. The article finds that EU membership did influence how and where firms lobbied. Compared to Swedish firms, Norwegian firms lobbied less alone, via national associations and national institutions, and this limited Norwegian firms' ability to lobby at the European level.

**KEY WORDS:** Corporate lobbying strategies, energy-intensive industries, European Union, EU Emissions Trading, Norway, Sweden

## Introduction

The EU ETS, launched in 2005 with Directive 2003/87/EC, is the cornerstone of EU climate policy. Extensive alterations took place during the revision of the EU ETS for the period 2013–2020. This process began in November 2006, when the European Commission published a report on the EU ETS outlining the areas most in need of change (European Commission 2006a). In December 2008, the revision process culminated in the adoption of the revised Directive 2009/29/EC that set the framework for the period

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from 2013 (European Commission 2009a). The final directive was substantially changed compared to earlier drafts.

Studies of stakeholder influence and lobbying during the formulation and revision of the EU ETS have focused mainly on the aggregate level. This article seeks to delve deeper, inquiring into the more specific lobbying routes chosen by selected companies, to what extent and how do such routes vary, and if firms' lobbying routes are influenced by firms originating from an EU member state or non-EU state. To do that, a framework of lobbying routes, consisting of lobbying tactics and targets, is used. In theory, firms can choose between all the tactics and targets; in practice, however, there are constraints on which lobbying routes firms are able to use.

The firms studied here represent three central ETS sectors: metal (aluminium and steel), paper and cement producers: Norsk Hydro, Norske Skog, and Norcem from Norway, and SSAB, SCA and Cementa from Sweden. The article first provides an analytical framework outlining different lobbying strategies, before examining the lobbying approaches adopted by the six firms and drawing some conclusions on how the origin of the firm influenced firms' lobbying routes. The article concludes that Norwegian firms' experienced difficulties in lobbying at the European level as they were less able to lobby alone, via national associations and national institutions than their Swedish counterparts.

## EU ETS: A Disputed Cornerstone for EU's Climate Policy

EU ETS, a cornerstone for EU's climate policy, functions as a cap-and-trade system where the emission of certain greenhouse gases is limited. Companies can sell their unused allowances to companies that have not been able to meet their targets. The allowances are reduced over time to fight climate change. Lobbying efforts of energy-intensive industry were especially targeted at achieving the inclusion of the sector among those exposed to 'carbon leakage'<sup>1</sup> and this way securing free emission allowances (on mass protest of metalworkers see, for example, Phillips 2008).

Previously, studies have discussed the lobbying of energy-intensive industries among various stakeholder participation activities during the development of the original directive (Directive 2003/87/EC), when the rules for the first and second trading period were designed (Braun 2009; Convery 2009; Skjærseth and Wettestad 2008), and when the Directive 2009/29/EC was designed and accepted (Skjærseth and Wettestad 2010). Others have focused on the (relative) success of energy-intensive industries' efforts to influence the design of the EU ETS, either during the making of the original directive (Markussen and Svendsen 2005) or during the revision when the framework for the third trading period was established<sup>2</sup> (Gullberg 2010; Skodvin *et al.* 2010; Wettestad 2009). However, to the author's knowledge, no studies have been conducted on how different actors proceeded with their lobbying efforts, or what affected their lobbying strategies; this article is also an attempt to fill in, in part, this vacuum.

Table 1. Lobbying routes

Tactics →	Optional national level →	Targets
Lobbying alone		The European Commission
In alliance	National institutions as either lobbying tactics or targets or both	The European Parliament
Via national association		The Council of the European Union
Via European association		

### The Analytical Approach of Lobbying Routes

This article shall use the Commission's definition of 'lobbying' to mean 'all activities carried out with the objective of influencing the policy formulation and decision-making processes of the European institutions' (European Commission 2006b).

To examine how firms lobbied during the revision of the EU ETS, a framework of *lobbying routes*, consisting of *tactics* and *targets*, is used. Hojnacki and Kimball (1999) analysed lobbying in the US, studying both targets — whom interest groups lobbied, and tactics — how interest groups lobbied. The article shall apply Hojnacki and Kimball's typology to the European context. The tactics follow Bouwen's (2002a, b, 2004) division of 'organisational forms of business interest representation' to a large degree and include individual firms lobbying directly, via national associations, European associations, or in alliance with other firms or groups. The last of these replaces Bouwen's category 'hired consultants'. The function of lobbying in alliance may be to create credibility in the eyes of decision-makers (Coen 1999, 30), save resources (Mahoney 2007), and unexpected alliances between firms or interest groups with competing interests can more readily win a majority in the European Parliament (Gullberg 2008a, 2969). Since lobbying in alliances does not appear to have been studied comparatively with other tactics, including it as an option might provide information on the relevance of lobbying in alliance as a tactic.

The targets included here follow Bouwen's (2002a, b) division of EU institutions and cover the Commission, the EP and the Council.<sup>3</sup> However, in addition to lobbying the EU institutions, firms can also lobby their national institutions (government and other public bodies/officials). Such lobbying aims to ensure company interests are represented further within EU institutions via national officials and politicians. Secondly, firms might lobby national institutions aiming to influence policy national level, therefore, the national level is placed between the tactics and targets. It is optional, as a firm does not necessarily have to lobby at or through the national level (see Table 1).

According to this framework, firms can choose between tactics for lobbying at the national or at each of the EU institutions, or solely at the latter through their national institutions. Lobbying routes are not mutually exclusive, however, the choice of the lobbying route might not be free of obstructions, as explained in the next section.

### EU Membership in the Lobby Literature: Who Might Be Right Here?

Non-EU business interests have established themselves in Brussels and provided competition to firms from EU (Coen 2009, 155). For instance, the number of Norwegian non-governmental actors who have a Brussels office has risen sharply in the last decades (Eliassen and Peneva 2011).

While factors, such as non-governmental actors' size (Coen and Dannreuther 2002), sectoral background (Bernhagen and Mitchell 2009), organisational type (Bouwen 2002b, 2004; Gullberg 2008a, b), and domestic institutional setting (Coen 1998; Eising 2007a; Bernhagen and Mitchell 2009), have been examined in relation to their impact on lobbying strategies, there has been little academic interest in how EU membership influences the lobbying approach of non-governmental actors. Hamada (2007), Bernhagen and Mitchell (2009) and Rasmussen and Alexandrova (2012) have analysed EU membership's possible influence on actors' lobbying, while Cowles (1996) and Pang (2004) have published general descriptive case studies on lobbying from non-EU member states (on the US and South Korea, respectively).

Existing research points in different directions regarding EU membership influencing actors' use of lobbying routes. When it comes to lobbying through European associations, Andersen and Eliassen (1993, 274) have suggested that lobbying through EU associations provides better access than lobbying directly since the non-EU firms lack representatives with the same nationality in the institutions and thus the non-member firms cannot use all the channels firms from member countries can use. Recently it was reported that Norwegian NGOs and firms perceive the use of EU associations as very important for successful lobbying (Eliassen and Peneva 2011, 16).

On the other hand, Hamada (2007) has described how Japanese automobile and electronics firms struggled with their outsider status in the EU associations. Thus it is also possible that Norwegian firms experienced similar difficulties and used the EU associations less in their lobby than their Swedish counterparts did, in contradiction to Andersen and Eliassen's suggestions. The following hypothesis will be used to shed light on the issue:

- Hypothesis 1. Norwegian firms used the EU associations more as a lobbying tactic than Swedish firms did.

Building on the arguments under the first hypothesis, assumptions and findings about the use of direct lobbying by actors from non-EU states are contradictory as well. On the one hand Andersen and Eliassen suggest that (1993, 274) companies from non-member countries have troubles lobbying directly. This found support in Eliassen and Peneva's study (2011), even though firms agreed both to the importance of lobbying directly and through EU associations due to non-member status. On the other hand, Bernhagen and Mitchell (2009) suggest that non-EU firms with commercial interests in the EU lobby more directly than firms from the EU because firms from non-EU countries have no 'state patron' in the EU institutions that could promote their interests. The following hypothesis is employed to find which of these arguments is supported in this study:

- Hypothesis 2. Norwegian firms lobbied more directly at the EU level than Swedish firms did.

Bernhagen and Mitchell's (2009) view that a lack of a member state patron means that non-EU firms lobby more directly, is based on the logic that lobbying is first and foremost directed to national representatives within EU institutions. If the nationality is important in choosing lobbying targets, it could be also expected that Norwegian firms used national institutions less as a tactic than their Swedish counterparts. For instance, in Eliassen and Peneva's (2011) study Norwegian firms found governmental institutions less useful than other possibilities for successful lobbying. The third hypothesis thus becomes:

- Hypothesis 3. Lobbying through national institutions was less used as a lobbying tactic among Norwegian firms than among Swedish firms.

Eising's (2007b) and Bouwen's (2002b, 2004) studies point to the possibility that some tactics are either used more frequently by firms for lobbying at certain EU institutions, or that certain tactics are preferred by the EU institutions when receiving input from lobbying actors<sup>4</sup>. It is plausible to assume that if Norwegian firms experience problems in using one or more of the tactics considered in this article this will reduce their access to some or all EU institutions and thus the lobbying routes will differ between Swedish and Norwegian firms. The three hypotheses will guide the analysis. In addition to focusing upon the tactics in the hypotheses, the article also analyses the use of alliances and national associations.

## **Data and Findings**

Several decisions were made as to data collection methods. The focus is on companies from energy-intensive industry sectors that were viewed as exposed to 'carbon leakage'.

The choice of Sweden and Norway as countries of origin was guided by several evaluations. Most importantly, the work was carried out in the framework of the CANES project that focused upon the interconnection of the Nordic energy systems and the expansion of EU (climate change) policies. Second, focusing comparatively on Sweden and Norway was assumed to be tenable since national differences in interest intermediation influences firms' lobbying decisions very little (Eising 2007a; Bernhagen and Mitchell 2009) and both countries are democratic, resource rich, highly developed and have strong economic ties with EU countries — similarities that cancelled out the differences in intensity of contact between interest groups' and the Commission (Rasmussen and Alexandrova 2012). Third, only Norway, Lichtenstein and Iceland are participating in the EU ETS as non-member countries; and only two installations in Lichtenstein and none in Iceland, were covered by the EU ETS compared to 128 in Norway (European Commission 2009b).

All the chosen firms perceived the EU ETS important and lobbied on the issue (interviews, 2010). Six firms were chosen so that each country

would have one firm representing metal, paper and cement production to cover an enables study of a broad swath of the energy-intensive industries in Norway and Sweden and allow for better detection of any spurious influences on lobbying routes. The most important of these is resources available for lobbying. Many, both quantitative and qualitative, studies and theoretical contributions have established a link between lobbying and available resources, size of the organisation or firm in revenues or employees often used as a proxy (see, for example, Bennett 1999; Bernhagen and Mitchell 2009; Coen 1998; Coen and Dannreuther 2002; Eising 2007a, b; Gullberg 2008b; Mahoney 2007). As the energy-intensive industry firms differed considerably in their size as depicted in Table 2, the article is observant of possible influences of firm size on lobbying routes. Another methodological challenge is posed by the cement companies (Norcem and Cementa), which both are subsidiaries to HeidelbergCement. Although subsidiaries, both have remained separate companies with headquarters in Oslo and Stockholm. Since both companies are the only cement producers in their home country it was necessary to use them in order to cover a sector significantly influenced by emissions trading. In addition, Coen (2009, 158) has pointed out that multinational companies should not be considered as unitary actors. These evaluations in mind, Norcem and Cementa were considered as separate companies. It would have been easier to conduct the research on one specific sector or on companies on similar size, but there were not enough companies with similar characteristics.

Data were collected through qualitative interviews due to the lack of written information on company lobbying. It is interesting to note that those who were referred by the companies as most knowledgeable on the topic were usually those working with the EU ETS in technical terms, not, for instance, public affairs functionaries as anticipated before the study.

Table 2. Firms and main characteristics

Firm	Sector	Country	Revenues in 2007 in billion	EU association
			NOK	
<i>Cementa</i>	Cement	Sweden	1.56 <sup>ab</sup>	The European Cement Association (CEMBUREAU)
<i>Norcem</i>	Cement	Norway	1.4 <sup>c</sup>	CEMBUREAU
<i>SSAB</i>	Metal: steel	Sweden	42 <sup>d</sup>	The European Confederation of Iron and Steel Industries (EUROFER)
<i>Norsk Hydro</i>	Metal: aluminium	Norway	94 <sup>e</sup>	The European Association of Metals (Eurometaux) The European Aluminium Association (EAA)
<i>SCA</i>	Paper	Sweden	92 <sup>f</sup>	The Confederation of European Paper Industries (CEPI)
<i>Norske Skog</i>	Paper	Norway	27 <sup>g</sup>	CEPI

Notes: (a) Cementa AB (nd, 4); (b) Here and below, revenues in Swedish currency are converted into Norwegian currency with the help of the Oanda historical exchange rate converter (Oanda. 2010). Annual averages both for Swedish and Norwegian currencies are used; (c) Norcem. (nd, 4); (d) SSAB. (2008, 12); (e) Norsk Hydro (nd, 1); (f) SCA. (2008); (g) Norske Skog. (nd, 2).

The interviewees were from high-level positions from the departments working with the EU ETS (see the appendix for the list of interviewees). This might be due to the highly technical nature of the EU ETS. The main focus in the interviews was on two topics: identifying used lobbying routes and why these lobbying routes were chosen over others.

*Norsk Hydro: Making the Most Out of Possible Routes Both at Home and Abroad<sup>5</sup>*

Norsk Hydro is one of the largest primary aluminium producers in the world (Norsk Hydro. nd, 23). Aluminium production was included in the activities covered by the EU ETS from 2013. However, Norsk Hydro had already been influenced by the trading system, first and foremost due to indirect effects of the EU ETS on power prices, since it is a large power consumer (interviews, 2010).

Norsk Hydro has used all lobbying tactics, except lobbying in alliance. Norsk Hydro's lobbying was wider than the depicted lobbying routes in Table 1 since it took place not only in Norway, but also in other countries where the company has operations (mainly Germany and Slovakia). Lobbying in these countries was considerably different from its lobbying in Norway due to the extensive use of national associations as a tactic. Norsk Hydro often lobbied alone; its direct lobbying was targeted primarily at the Commission and the European Parliament at the EU level, but also to some degree at the national institutions in Norway and in other countries. Another extensively used lobbying tactic was lobbying via the two European associations Norsk Hydro belongs to — EAA and Eurometaux. Such lobbying activities were targeted at all of the EU institutions. National associations in Germany and Slovakia were used considerably more often than those in Norway, although in both cases lobbying via these was directed at the respective national institutions. The national institutions in Norway were used mostly as a lobbying *target* as such, as lobbying via these was only very rarely directed at the Commission, whereas the national institutions in other countries were used as lobbying *tactic*, since lobbying was further directed at all the EU institutions.

When Norsk Hydro's lobbying was targeted at EU institutions, the issues under discussion were related to the design of the revised EU ETS directive and EU ETS influence on power prices. Power producers are usually able to pass on the costs of the allowances to the consumers, including industry; unlike energy-intensive industries, which are more exposed to global competition.<sup>6</sup> In Norway the lobbying was conducted mostly on one specific topic — linking Norway to the EU ETS on a 'level playing-field' with producers in the EU, since Norwegian authorities had originally planned to adopt an environmentally stricter regime (interviews, 2010). In addition to planning a stricter regime, linking Norway to the EU ETS took much longer than expected (Gullberg 2009). Industries, dissatisfied both with the strict plans and later sluggishness, voiced their criticism strongly towards the government.



*SSAB: Part of the European Steel Front*

EU ETS has been an important issue for Sweden's SSAB, since the steel production process results in high emissions. SSAB was active in lobbying during the revision of the EU ETS and used three tactics — lobbying alone, via national association (Swedish Steel Producers' Association) and via their European Association EUROFER. The third tactic was deemed the most important.

When SSAB voiced their opinions through EUROFER, it was aimed at the European Parliament and especially the Commission. SSAB did not have a separate opinion from EUROFER, as the steel industry in Europe was very united on the issue of the EU ETS (interviews, 2010). Lobbying via the Swedish Steel Producers' Association was targeted at the national institutions and also at the Council and Swedish representatives in the European Parliament. Lobbying alone was least important of all the three tactics used. It was first and foremost targeted at the national institutions, but also towards the European Parliament and the Council where the national representatives were lobbied. When Swedish national institutions were lobbied (either alone or through national associations), these sometimes functioned as *targets* and sometimes as *tactics*, depending on national or European character of the issue. Lobbying through national institutions was targeted further at all three EU institutions, but most towards the Council.

*Norcem: Relying on Friends and the Parent*

Norcem is the only cement producer in Norway and a subsidiary of HeidelbergCement Group. Norcem sees itself being significantly influenced by emissions trading. For Norcem the main concern was achieving a level playing-field with competitors from the EU. Even though Norcem is a subsidiary to HeidelbergCement, it acts independently on the national level and also represents Norwegian cement producers in CEMBUREAU (interviews, 2010).

Their most used lobbying tactic was lobbying via CEMBUREAU, and these activities were targeted at all EU institutions. Interestingly, the company representative found it impossible to rank the EU institutions lobbied via CEMBUREAU, since the planning of the lobbying activities was to a large degree conducted by CEMBUREAU. During the interviewing process it became clear that, as with Norsk Hydro's lobbying, Norcem's lobbying routes also involved routes not available to all firms: here, lobbying via the parent company, HeidelbergCement Group. HeidelbergCement had contacts with all EU institutions during the revision of the EU ETS, but mostly with the EP.

Lobbying in Norway was highly relevant for Norcem. Such activities were conducted primarily through the Federation of Norwegian Industries, but seldom also in alliance with a lime producer (Franzefoss Miljøkalk) and alone, and were targeted at the Norwegian institutions. When Norcem lobbied alone or in alliance, the positions presented followed the viewpoints of the Federation of Norwegian Industries. As with Norsk

Hydro, Norcem's focus on EU-level lobbying was on EU ETS design; but in Norway it was on linking Norway to the EU ETS with the same rules as in the EU.

*Cementa: National Routes to National EU Representatives*

Cementa is the only cement producer in Sweden and subsidiary of HeidelbergCement Group. The EU ETS has always been of high importance since it is affected directly due to high emissions from production and indirectly due to (rising) power prices. During the revision, a crucial issue was to decide how sectors exposed to carbon leakage would be treated and defined. Similarly to Norcem, Cementa is an independent actor on the national level and represents Swedish cement producers in CEMBUREAU and in national associations (interviews, 2010).

Cementa was an active participant in the revision process. Especially two tactics stand out — lobbying via national associations and via CEMBUREAU, with the former being more important. Lobbying through the national associations (SveMin, Sweden's mining, mineral and metal producers association; and the Plastics and Chemicals Federation) was targeted towards national institutions. National institutions were sometimes used as tactics to lobby especially the Council but also EP. Lobbying via CEMBUREAU was targeted at all three EU institutions, the Commission in particular. When lobbying through CEMBUREAU, Cementa's actions were to a large degree coordinated with those of other firms from HeidelbergCement. As with Norcem, some of Cementa's views were represented via HeidelbergCement, which, according to the company representative, had most contacts at the European Commission. Direct lobbying was rare, but did occur at the national institutions and the EP. When Cementa lobbied at the EP, it was because CEMBUREAU had asked Cementa to contact Swedish MEPs directly. CEMBUREAU had prepared a list of items to be voted on in the EP, and Cementa then provided the Swedish MEPs with their views and information. However, such activities were seen as both being too late in the policy-making process and incompatible with the Swedish tradition of lobbying.

*SCA: Together is Better*

The main concern for Sweden's SCA has been the indirect effect of the EU ETS on power prices. When the EU ETS started in 2005, the impact on power prices was quite strong but the CO<sub>2</sub> market started to collapse in early 2006. Prior to the functioning of the EU ETS, SCA had expected CO<sub>2</sub> prices of around 40 euros per ton, but CO<sub>2</sub> prices plummeted to under one euro in 2007 (European Energy Exchange 2010). Looking back, in 2007 and 2008 there was less focus on lobbying on the ETS than there should have been, since the influence of the EU ETS was evaluated to be lower. In a way the European paper industry 'was sleeping in class' (interviews, 2010). Nevertheless, lobbying activities were undertaken by SCA.

SCA used three tactics — lobbying via CEPI, via national associations in Sweden (Swedish Forest Industries Federation and SKGS, which represents Sweden's electricity-intensive industries), and national associations were also used in other EU countries where SCA has manufacturing. Lobbying through national associations was directed, first and foremost, at national institutions in the respective countries, but also at the EP. When the national institutions were lobbied, these functioned as targets on national issues, but were also used as tactics for representation at all three EU institutions. Lobbying through CEPI was used to gain 'clout' at the European level, mostly with the Commission because it was seen as the policy designer, and least at the Council.

SCA did not lobby alone since it was considered to be too resource consuming and providing little 'clout' since the forest industry is small in Europe. For similar reasons, lobbying in alliance was not relevant as SCA lobbied through national associations.

### *Norske Skog: Modest in its Lobbying*

The representative for Norske Skog did not feel that his company had been very much influenced by the EU ETS in the first and second trading period. The main effect is expected to be on power prices, as well as on the number of allocations to be bought in the period 2013–2020 (interviews, 2010).

Norske Skog focused on two lobbying tactics — lobbying via the Federation of Norwegian Industries, and via CEPI. Norske Skog's lobbying through the Federation of Norwegian Industries was exclusively targeted at Norwegian institutions, and these served as targets only. Similarly with other Norwegian companies, lobbying in Norway was conducted on the issue of achieving a level playing-field with EU producers. Working through CEPI was seen as the most effective lobbying tactic at the EU level for Norske Skog since Norway is not a member of the EU, CEPI provides an important channel. The company representative noted that CEPI did conduct lobbying activities at all the relevant EU institutions, although he found it difficult to say which EU institution was targeted the most.

Norske Skog did not lobby alone at the EU level, because a company like Norske Skog, based mainly outside the EU and small in global terms, would not be heard. In some rare cases Norske Skog lobbied Norwegian authorities alone, but always with statements that were in line with the Norwegian Federation of Industries. Although Norske Skog has mills in EU countries (in Germany, France, the Netherlands and Austria), it did not lobby via these, as did Norsk Hydro and SCA; however, the company representative indicated that such activities are possible and they belong to local national associations. The representative pointed out that with only one mill in each country they are a minor player and this is the reason lobbying via other countries was not relevant.

Several findings merit further analysis. First, why have some firms lobbied alone at the EU institutions and others have not? Second, why do some firms

lobby EU institutions via their national associations and national institutions? Third, why do some firms make extensive use of lobbying routes that are not available to others? The analysis will be guided by the three hypotheses presented above to identify if any differences in lobbying strategies can be explained by EU or non-EU membership.

### **Norwegian Outsiders and Swedish Insiders?**

The first hypotheses proposed that Norwegian firms used EU associations more as a tactic than their Swedish counterparts. For all firms, their respective EU associations was one of the most important tactics, therefore, the hypothesis does not gain support. EU associations were used as lobbying via these saves resources, they 'are in the loop' and 'are taken seriously' by the policy-makers. EU associations give clout to opinions: 'We try to find a consensus and have one voice towards the Commission and then they will listen' (interviews, 2010).

As lobbying via EU associations was targeted at all three EU institutions they can be viewed as providing multiple lobbying routes for both Norwegian and Swedish firms. Norwegian firms were not outsiders in the EU associations as could be expected according to Hamada (2007). One reason for this could be that the EU ETS does not pitch Norwegian and European firms against each other, while the European automobile and electronics industries were concerned with the competition from Japanese firms (Hamada 2007). In addition, Norwegian firms studied here produced in the EU (Norsk Hydro and Norske Skog) or were subsidiaries to a larger firm with a strong presence in the EU (Norcem). However, lobbying through EU associations was more important for Norwegian firms than Swedish firms, since they were not able to use some other tactics available to their Swedish counterparts to the same degree.

The second hypothesis proposed that Norwegian firms lobbied more directly at the EU level than Swedish firms. This hypothesis does not gain support from the empirical findings. One reason is that of the Norwegian firms, only Norsk Hydro lobbied alone at the European level, while two Swedish firms — SSSB and Cementa — did so. Clearly there is too little evidence to prove the hypothesis wrong; however, the evidence seems to suggest that Norwegian firms were less able to lobby directly. First of all, when the Swedish firms SSSB and Cementa lobbied directly at the European Parliament and the Council, they lobbied almost exclusively their national representatives. One interviewee even noted that it would be 'very odd' to approach other states' representatives in the EP or the Council. On the other hand, Norsk Hydro was able to lobby alone at the Commission and the European Parliament, but not at the Council. Similarly, Norske Skog and Norcem emphasised that direct lobbying alone as a small non-EU company would not be fruitful (interviews, 2010), therefore, the evidence points to Norwegian companies having less direct access to the EU institutions, especially the Council and EP.

Bernhagen and Mitchell's (2009) suggestion that firms from non-member countries develop their own lobbying capabilities and lobby more

directly to make up for the lack of ‘state-patron’ does not find support in this study. In fact, without patrons, there seems to be a lack of ‘ears’ in the EU institutions.

The third hypothesis stated that Norwegian firms used national institutions less as a lobbying tactic than Swedish firms did and it does find some support. For Norwegian firms, national institutions functioned as targets, since only Norsk Hydro reported lobbying at the Commission through Norwegian national institutions — and that was considered practically irrelevant (interviews, 2010). In comparison, national institutions functioned as tactics for all the Swedish firms, and lobbying via these was targeted at all EU institutions, in particular, the Council. National institutions’ role as lobbying tactics in EU member states is emphasized further by the finding that national institutions in other EU member countries were used as lobbying tactics by firms that had production abroad — these were SCA from Sweden and Norsk Hydro from Norway.

Furthermore, there were also differences in the use of national associations for lobbying EU institutions. While none of the Norwegian firms used national associations to lobby at the EU level, two of the Swedish firms, SSSB and SCA, did so, even though these lobbying routes were not used extensively by these firms. Lobbying through Swedish national associations was targeted at the EP (both firms) and Council (only SCA). Again, the national associations targeted the Swedish representatives within EU institutions: ‘It is very important for us that the Swedish delegates also understand the situation for Swedish ... industry’. Another reason why the Federation of Norwegian Industries was not used at the EU level is that it was perceived as being short on legitimacy vis-à-vis the EU institutions — ‘[The Federation of Norwegian Industries] does not have clout in Europe, but they have a listening role’, explained one company representative (interviews, 2010). Similarly, the representative from the Federation of Norwegian Industries stated that their main role is to bring information from the EU and forward it to public officials (interviews, 2010).

Thus, all firms used EU associations extensively for lobbying EU institutions. Swedish firms lobbied more often directly at the EU institutions than Norwegian firms did since they were able to lobby their national representatives in these institutions, especially in the EP and Council. Similar tendencies can be seen when it comes to national institutions, as all Swedish firms used their national institutions as tactics to access EU institutions, in particular, the Council. Contrary to Swedish firms that lobbied via national associations at the EP and the Council, Norwegian firms were not able to use the national associations for lobbying at the EU institutions.

### **Differing Lobbying Routes: EU Membership Takes Part of the Blame**

Based on the above-written it can be concluded that Norwegian and Swedish firms studied here used different lobbying routes during the revision of the EU ETS. Swedish firms especially had better access to the European Parliament and the Council through direct lobbying, national

association and national institutions. Abovementioned reasons for this — Norwegian authorities' lack of access, lobbying representatives from firms' own member states and Norwegian national associations' lack of legitimacy — are only part of the explanation.

Lobbying through national institutions in Norway was obstructed for several reasons in addition to authorities' lack of access. There were long-drawn and heated debates on how Norway should be linked to the ETS. Some political forces, with the Socialist Left Party at the fore, firmly advocated stricter rules in Norway than in the EU, which provoked heavy criticism from Norwegian industry (Lier-Hansen 2008). Norway's desire for stricter regulations was by no means new: the authorities had previously attempted to convince EU policy-makers to design a more environmentally stringent regime (Sæverud and Wettestad 2006). During the revision, achieving a level playing-field with the EU for Norwegian firms was a main topic in Norway. Since the energy-intensive industry and Norwegian government were in strong disagreement, it is plausible that this reduced the possibility of lobbying through national institutions for Norwegian firms. Such discussions would not have taken place had Norway been a member of the EU.

However, during the interviews the representatives also emphasised that Norwegian bureaucracy does not prioritise EU issues, '[these are] left hand duties to some junior officials in many cases' and it was also indicated that Norwegian authorities do not actively seek to use the less informal channels of communication, preferring the formal channels that come into effect only late in the policy-making process (interviews, 2010).

It is important to note that some differences in the use of lobbying routes are influenced by the size of companies,<sup>7</sup> or to be more precise, due to the cross-border production. SCA and Norsk Hydro lobbied through national associations and institutions in EU member countries where they had production and, therefore, had an extra lobbying route available. Since Norsk Hydro did not lobby through Norwegian associations and rarely through national institutions in Norway, the availability of these alternative routes can be seen as compensating for the lack of access for Norwegian firms. In addition, even though Norcem and Cementsa did appear as independent actors, each representing national cement producers in their respective associations, the companies did benefit from being daughter companies to HeidelbergCement as some lobbying at the EU level was conducted by the parent company and provided Norcem and Cementsa with additional lobbying routes. Norcem reported lobbying through the parent company at all three EU institutions; Cementsa, only at the Commission.<sup>8</sup>

In addition to differences, there are strong similarities in the use of lobbying routes that point to the importance of collective lobbying. First, the European associations were widely used by all six firms. Secondly, the national associations were used extensively as well, even though Norwegian firms did not lobby through Norwegian associations at the European level. Thirdly, lobbying in ad hoc alliances outside of associations was uncommon, and was only used for lobbying national institutions, and even then, the position of national associations was strictly adhered to.

## Conclusion

This article examined the lobbying strategies adopted by six firms from energy-intensive industries in Sweden and Norway during the revision of the EU ETS. The main conclusion to be drawn is that the lobbying routes adopted were influenced by their origin from an EU-member Sweden and non-member Norway. First, Norwegian firms were lobbying less directly at the different EU institutions than Swedish firms were. Also, lobbying routes that are of a more national character — via national associations and national institutions — were not as available for Norwegian firms as they were for Swedish firms. This reduced Norwegian firms' possibilities to lobby all three EU institutions, but especially the Council and the European Parliament.

Norwegian associations appear to lack legitimacy for lobbying at the EU level; moreover, the national authorities seem to have less access to EU policy-making. The lack of access via Norwegian authorities may be influenced by Norwegian authorities' original plan of linking Norway to the ETS by means of stricter rules — a matter of intense and long-drawn debate in Norway where the energy-intensive industry and authorities were in conflict. Finally, some interviewees saw the Norwegian authorities as downplaying the importance of EU politics and being somewhat passive.

Due to the abovementioned difficulties, lobbying via EU associations was especially important as a lobbying tactic for Norwegian firms as it provided access to EU institutions. All the firms appear to favour lobbying collectively through EU associations at the EU level and through national associations at home; and Swedish firms have also used national associations to lobby EU institutions. The prevalence for collective routes is also mirrored in the finding that lobbying in alliance was mostly discarded as irrelevant, since cooperation took place under these formal associations. Economic considerations, duplication of knowledge and the need for greater clout on the political arena were cited as reasons for the extensive use of associations as a lobbying tactic.

Firms that have (considerable) production in other EU member states lobbied via national associations and institutions in these countries, providing them with additional lobbying routes. This way, Norwegian company, Norsk Hydro, was able to compensate for the lack of access to policy-making through Norwegian channels. Similarly, being a subsidiary to a large multinational company can also provide additional lobbying routes that compensate for obstructed routes for non-EU firms.

As only six energy-intensive industry firms from Norway and Sweden were analysed, these conclusions should not be applied to other policy areas or states. Since there has been very little comparative research on company lobbying and on the effects of EU/non-EU origin, there is great potential for further research including an examination of the impact of EU/non-EU membership on companies from several countries, other policy areas and different sectors. This article points at some questions not yet thoroughly discussed in literature. First, are differing lobbying routes due to EU membership a common phenomenon? Second, how do non-EU

firms compensate for difficulties in lobbying — is lobbying through parent companies and subsidiaries a common strategy? Third, and a normative question, should the non-EU interests be more included in policy-making in areas strongly influencing them? These issues seem to merit future inquiry.

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## Notes

1. For more information on which sectors are considered exposed to carbon leak-age and the defining criteria, see the Commission's information page on carbon leakage (European Commission. 2010).
2. The first trading period took place from 2005–2007, second from 2008–2012 and third lasts from 2013–2020.
3. In this article the separate EU institutions as lobbying targets will not be focused upon extensively, this topic has received thorough coverage in a recent publication edited by Coen and Richardson (2009).
4. The two authors come to rather different conclusions, this is probably influenced by the fact that Bouwen studied the 'demand side' of the EU lobby — EU institutions; and Eising focused upon the 'supply side' — firms and associations.
5. Unless stated otherwise, here and below the description of firms' lobbying is based on interviews.
6. See Egenhofer (2007) for an explanation on of economic effects of the EU ETS on power producers and energy-intensive industry.
7. There is rich literature on company size influencing lobbying strategies (see, for example, Coen 1998, 2007; Bennett 1999; Eising 2007a; Bernhagen and Mitchell 2009) and this was kept in mind during the study. However, in this study the frequency of using lobbying tactics did not vary together with the size of the company measured in revenues.
8. Norcem and Cementa differed in the information provided on at which EU institutions were targeted by their lobbying via HeidelbergCement. On the one hand the information might not be entirely correct; on the other hand it is also possible that Norcem perceived the importance of HeidelbergCement as a lobbying tactic much higher since it did not have the possibility of lobbying at the EU alone or via its national association.

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## Appendix. List of interviewees

Title	Company name
Director Alternative Fuels	Norcem
Senior Vice President Corporate Strategy, Climate office	Norsk Hydro
Vice President Environment	Norske Skog
Vice President Energy	SCA
Director of Environmental Affairs	SSAB
Technical Director	Cementa
Director Industrial Policy	Federation of Norwegian Industries